

REALITY CHECK

JOHN BOEHNER
Chairman
8th District, Ohio

May 14, 1997

The Balanced Budget Plan of 1997: Fulfilling the *Contract with America*

Two Views of the Balanced Budget Plan of 1997

- "We get lower taxes, we get capital gains tax (reduction), we get the death-tax relief and the child tax credit. ... By the time you put that together with all of the tax changes we passed in the last Congress, we pretty well have got everything that was in the Contract with America."
Majority Leader Dick Armey, *USA Today*, 5/12/97
- The budget plan "'is a repudiation of the contract' because it does not cut programs the GOP targeted two years ago."
John Hilley, White House Congressional liaison, *USA Today*, 5/12/97

Who's Right?

Hilley's wrong. The *Contract with America* never "cut" or "targeted programs." It **did** call for a balanced budget amendment to the Constitution, and this effort was key to pressuring President Clinton to finally embrace a balanced budget. Now, no matter what the White House spin, the Balanced Budget Plan will fulfill remaining key provisions of the Contract's pro-family and pro-jobs tax plan. Here's what happened to the Contract's tax relief package:

- \$500 per child credit – **vetoed by President Clinton as part of the Balanced Budget Act of 1995**
- marriage penalty tax relief – **vetoed by President Clinton as part of the Balanced Budget Act of 1995**
- capital gains tax relief – **vetoed by President Clinton as part of the Balanced Budget Act of 1995**
- Adoption tax credit – **vetoed by President Clinton as part of the Balanced Budget Act of 1995, but subsequently signed into law under election-year pressure**

- “Eldercare” tax credit – ***vetoed by President Clinton as part of the Balanced Budget Act of 1995, but subsequently signed into law under election-year pressure***
- American Dream Savings Accounts– ***vetoed by President Clinton as part of the Balanced Budget Act of 1995, but subsequently signed into law under election-year pressure***
- Small business expensing provisions ***vetoed by President Clinton as part of the Balanced Budget Act of 1995, but subsequently signed into law under election-year pressure***
- Increase in the Social Security earnings limit – ***vetoed by President Clinton as part of the Balanced Budget Act of 1995, but subsequently signed into law under election-year pressure***
- Tax incentives for the purchase of private long-term health insurance – ***vetoed by President Clinton as part of the Balanced Budget Act of 1995 but subsequently signed into law under election-year pressure***

What’s Left?

- The key tax relief goals remaining from the *Contract with America*– pro-family and pro-jobs provisions ranging from a per-child tax credit to capital gains relief tax relief – are all embraced in the Balanced Budget Plan of 1997. The per-child tax credit, capital gains cut, and pro-education “super IRA” are explicit *Contract* items. The death tax relief would ***directly*** impact families and family businesses, allowing them to pass to families what they’ve worked for all their lives.

There’s no argument – the Balanced Budget Plan of 1997 is the fulfillment of the Contract with America.